

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**Telecommunications Division
Public Programs Branch****RESOLUTION T-16815
January 22, 2004****R E S O L U T I O N****Resolution T-16815 Augments the 2003/2004 Budget of the Deaf and Disabled Telecommunications Program in Order to Amend, Renew, and Add New Vendor Contracts, and Cover Additional Expenses to be Incurred in Fiscal Year 03 /04**

Summary

This Resolution adopts a budget augmentation for the Deaf and Disabled Telecommunications Program (DDTP) for fiscal year (FY) 2003/04 in the amount of \$11,952,173. These funds will cover the necessary costs to amend and renew contracts critical to the program. The contract amendment/renewal-related costs adopted in this resolution are not included in the current adopted FY 2003/04 DDTP budget, approved in Resolution T-16747.

Background

As a result of Senate Bill (SB) 669, passed by the legislature and Governor in 1999, and Assembly Bill (AB) 1734, signed into law in June 2002, the current operation of the Commission's public programs have changed. This resolution focuses on the DDTP, the final telecommunications public program to implement the provisions of SB 669 as amended by AB 1734. The Commission established the DDTP to implement three legislative mandates: Public Utilities Code Section 2881(a) authorizes the provision of TTYs to deaf or hard of hearing individuals, PU Code Section 2881(c) authorizes the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and cognitive disabilities, and PU Code Section 2881(b) uses third-party intervention (also known as the California Relay Service) to connect consumers who are deaf or hearing impaired with hearing parties. The DDTP is funded through a surcharge on ratepayer phone bills for intrastate service and is operated by staff providing services under contract with the Commission.

The current DDTP FY 2003/04 budget, was approved on June 5, 2003 by Commission Resolution T-16747 for the period of July 1, 2003 through June 30, 2004.

The elements of the budget augmentation for FY 03/04 are reflected in this resolution.

Discussion

Amendments to Existing Contracts

The Telecommunications Division (TD) recommends that the Commission utilize FY 03/04 appropriation authority to allow encumbrances and amendments for several contracts essential to providing the required services mandated by PU Code Sections 2881(a), 2881(b), and 2881(c). Due to historical delays in adoption of statewide budgets, the TD believes utilizing existing appropriations authority to encumber contracts for critical goods and services that support the DDTP through the FY 04 /05 to be prudent.

TD also recommends utilizing existing FY 03/04-budget appropriation authority to amend existing contracts to incorporate expiration dates that correspond with FY 04/05. TD believes aligning contract terms to correspond with state FY budgets to be cost effective and an efficient use of limited staff resources.

Below is a discussion of which contracts need to be amended and why. The Basis for such amendments are listed in Appendix A as a matrix highlighting which contracts will be encumbered in FY 03/04, including new contracts and expenses incurred in FY 03/04.

California Communications Access Foundation

California Communications Access Foundation (CCAF) is the contractor that administers the DDTP under the supervision of Commission staff. Due to an increase in scope and duties for CCAF that were not included in the original contract, such as vehicle fleet management and additional marketing responsibilities, this contract will require amendment.

TD recommends including \$2,536,613 in the FY 03/04 budget augmentation to amend the CCAF contract through FY 03/04, and include a 25% encumbrance to cover the first three months of FY 04/05.

Hesse, Stobbe, and O'Sullivan

Hesse, Stobbe, and O'Sullivan (HSO) is the contractor who designed and implemented the California Relay Service vendor contract utilized by the DDTP. HSO also designed the new Customer Relay Service program (CRS2) expected to take the place of the original CRS program due to expire in April of 2004. TD recommends amending the HSO contract to ensure adequate contract maintenance under Commission oversight.

In addition, amending the HSO contract will aid the transition from the original CRS program to CRS2 in the first half of 2004.

TD estimates costs to amend the HSO contract for the remainder of FY 03/04, through March of 2005 to be \$874,632. At the end of March 2005, the HSO contract is scheduled to terminate.

Communication Services for the Deaf

Communication Services for the Deaf (CSD) operates the centralized customer contact center for the DDTP, primarily to take equipment orders and provide information to customers. This contract will expire on December 31, 2004. In order to amend this contract to correspond with the 04/05 FY, it will need to be extended to June 30, 2005.

In order to extend this contract through FY 04/05, \$2,476,000 will need to be included in this budget augmentation for CSD related expenses.

Direct Response Communications

Direct Response Communications (DRC) is the contractor that furnishes warehouse staff for the DDTP distribution facility. In order to ensure adequate funding through FY 04/05, TD recommends that this budget augmentation include \$611,000 for DRC related expenses.

Pacific Network Supply

Pacific Network Supply (PNS) is the contractor who maintains the warehouse facility for centralized equipment distribution for the DDTP. Included in this contract are warehouse rents, shipping costs, and an administrative charge. This contract was originally written for a term to cover July 1, 2000 through June 30, 2005.

In order to encumber this contract through FY 04 – 05 and to cover contract increases in warehouse rent and the administrative charge that takes place in FY 03/04, TD recommends allocating a cost of \$1,095,638 in the FY 03/04 budget augmentation for this contract.

Riptide

Riptide Technologies, Inc., is the contractor that provides maintenance of the database used to track DDTP specialized equipment. Currently this contract is set to expire at the end of June, 2004 and would need to be re-bid to continue into FY 04/05.

TD recommends that this augmentation include \$144,100 for database maintenance critical to the DDTP to ensure database reliability through FY 04/05.

One World

Due to increased marketing efforts planned for the 03/04 fiscal year, the DDTP is in need of support in development of new print media and materials. Currently the Commission is in contract negotiations with One World, a leading developer of marketing materials and media.

The estimated appropriations necessary for the fulfillment of this new marketing contract for the remainder of FY 03/04 is \$1,025,000.

Additional Expenses

Communications Assistance

Currently there are numerous DDTP contracts providing communication assistance. In order to continue providing this critical service throughout the DDTP into FY 04/05, TD recommends encumbering \$569,106 for communications assistance in the FY 03/04 Augmentation.

The figure above includes a new contract for Life Signs, in the amount of \$36,000 due to become effective in the 03/04 FY.

Facility Rents

Facility Rents are expected to total \$708,840 in FY 04/05. TD recommends this amount be encumbered using existing appropriations authority in FY 03/04.

Equipment Contracts

In order to avoid delays in equipment processing, as was experienced in FY 03/04, TD recommends encumbering \$1,710,726 for advance equipment payments to mitigate shortages due to delays in the state budget process.

Commission Legal Staff

Currently, expenses associated with Commission legal staff have not been included in the FY 03/04 budget. TD recommends \$200,000 be added to the augmentation for FY 03/04 to cover expenses associated with this service.

Comments

In accordance with P.U. Code Section 311 (g), a draft resolution prepared by the TD staff was mailed on December 23, 2003, to the parties of record to Investigation (I.) 87-11-031, Rulemaking (R.) 00-05-001, R.03-03-014, the Telecommunications Access for the Deaf and Disabled Administrative Committee members, California Relay Service Advisory Committee members and the Equipment Program Advisory Committee members. A copy of the transmittal letter of this mailing was also sent to each of the

Commission certificated telecommunications carriers informing parties that this draft resolution is available at the Commission's website:

www.cpublca.gov/static/industry/telco/resolutions/index.htm, and is available for public comments. In addition, TD informed these parties of the availability of the conformed resolution at the same website.

The Telecommunications Division will address comments received on a timely basis regarding this draft resolution.

Findings

1. Resolution T-16747 approved the fiscal year (FY) 2003/04 budget in the amount the amount of \$57,164,827.
2. The Deaf and Disabled Telecommunications Program (DDTP) budget for FY 03/04 should be augmented to provide for the costs associated with amending and encumbering existing contracts, implementation of new contracts, and maintenance of services and facilities necessary for operation of the DDTP.
3. Expenses incurred for legal services provided by staff of the California Public Utilities Commission in the amount of \$200,000 need to be augmented for FY 03/04.
4. The DDTP FY 03/04 budget should be augmented by \$1,025,000 to pay for new contract services provided by One World for development of additional marketing and print media necessary in response to additional marketing events authorized by Resolution T-16747.
5. The DDTP FY 03/04 budget should be augmented by \$36,000 for communications assistance provided by Life Signs.
6. The DDTP FY 03/04 budget should be augmented by approximately \$11,951,655 million to provide for necessary contract amendments and encumbrances to new and existing contracts critical to the administration of the DDTP.
7. The contract amendments described above can be implemented utilizing existing appropriation already authorized for FY 03/04.
8. The FY 03/04 DDTP budget augmentation in the amount of \$11,951,655 as set forth in Appendix A of this resolution is reasonable and should be adopted.

9. The draft of this resolution and transmittal letter was mailed on December 23, 2003 to the parties of record to Investigation (I.) 87-11-031, Rulemaking (R.) 00-05-001, R.03-03-014, The Telecommunications Access for the Deaf and Disabled Administrative Committee members, California Relay Service Advisory Committee members and the Equipment Program Advisory Committee members.
10. A copy of the transmittal letter was sent to the service lists noted above, and will also be sent to each of the Commission certificated telecommunications carriers advising them of the availability of this draft resolution and the conformed resolution, when adopted by the Commission on the Commission's web site.

THEREFORE, IT IS ORDERED that:

1. The Deaf and Disabled Telecommunications Program (DDTP) 2003/04 fiscal year (FY) budget is augmented by \$11,951,655, as set forth in Appendix A of this resolution.

This Resolution is effective today.

I hereby certify that the Public Utilities Commission at its regular meeting on January 22, 2004, adopted this Resolution. The following Commissioners approved it:

WILLIAM AHERN
Executive Director

APPENDIX A
FY 03 – 04 Budget Augmentation

FY 03 - 04 DDTP Budget Augmentation

One World	\$1,025,000	Provides marketing assistance through FY 03 - 04.
CCAF	\$2,536,613	Amends 03 - 04 contract and provides budget for the first three months of FY 04 - 05.
HSO	\$874,632	Amends HSO 03 - 04 contract and extends contract through FY 04 - 05.
CSD	\$2,476,000	Provides budget to extend existing contract through FY 04 - 05.
DRC	\$611,000	Provides budget coverage through FY 04 - 05.
PNS	\$1,095,638	Provides a budget for the existing contract through FY 04 - 05.
Riptide	\$144,100	Provides budget to extend existing contract through FY 04 - 05.
Communications Assistance (CA)	\$569,106	Provides a budget to account for a new contract for Life Signs and continue CA services through FY 04 - 05.
Facility Rents	\$708,840	Provides the budget to cover existing rents through FY 04 - 05.
Equipment Contracts	\$1,710,726	Provides a budget to cover a portion of FY 04 - 05 equipment expenses.
Commission Legal Staff	\$200,000	Provides budget authority for Commission Legal costs already incurred through FY 03 - 04.

Total Amendments and Encumbrances
\$11,951,655

FY 03 - 04 Appropriations Authority (AA)
\$11,952,173

Appropriations Authority After Encumbrances and Amendments
\$518